Deficiencies of Internet banking

1067. SHRIMATI MOHSINA KIDWAI: Will the Minister of FINANCE be pleased to state:

(a) whether in view of growing number of complaints relating to the Internet banking, the Reserve Bank of India (RBI) has widened the scope of its Banking Ombudsman Scheme, 2006 to include deficiencies arising out of Internet banking;

(b) if so, the details thereof;

(c) whether RBI has simplified the format for lodging complaints to the Ombudsman; and

(d) if so, the details thereof and how Government proposes to put a check on Internet banking frauds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Reserve Bank of India (RBI) has amended the Banking Ombudsman Scheme, 2006 *vide* Notification dated February 3, 2009. Clause (8) of Banking Ombudsman Scheme, 2006 (*i.e.* grounds of complaints) has been amended to include the complaints arising out of internet banking.

(c) and (d) Yes, Sir. However, RBI has advised that the submission of complaint in the prescribed format is not mandatory and complainant has the option to lodge the complain with the Banking Ombudsman on the plain paper or through e-mail or on line. Further, if the complainant desires to use a specific format for loading complaint, he may use the simplified format.

Reserve Bank of India as a part of its supervisory process has issued a number of guidelines circulars to all the commercial banks on the modus operandi so that adequate safeguards could be taken by them to prevent/reduce the incidence of frauds in banks. Some of the important measures taken by RBI are furnished below:—

(i) RBI had issued guidelines/caution circulars on internet banking, observance of KYC norms and also issued modus operandi circulars in this regard.

(ii) RBI had issued guidelines on internet banking to all commercial banks *vide* circular dated June 14, 2001 covering technology and security standards, legal issues and regulatory/supervisory issues with regard to internet banking in India.

(iii) RBI had also issued a caution circular on February 16, 2006 to all commercial banks on phishing attacks. The circular contained details of the modus operandi on such attacks and minimum set of preventive/detective measures to tackle Phishing attacks.

Impact of recession

†1068. SHRI BALAVANT *ALIAS* BAL APTE:
SHRI SHREEGOPAL VYAS:

Will the Minister of FINANCE be pleased to state:

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†Original notice of the question was received in Hindi.

(a) whether lesser impact of recession on India's economy can be mainly attributed to its being agri-based;

(b) whether consumption of Indian products has decreased in foreign countries; and

(c) if so, steps being taken to push up exports?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As per the Advance Estimates of National income released by Central Statistical Organisation, the Gross Domestic Product at constant prices is estimated to grow at 7.1 per cent for the year 2008-09, as compared to 9.0 per cent in 2007-08. The Agriculture, Industry and Services sectors are estimated to grow at 2.6 per cent, 4.8 per cent and 9.6 per cent respectively during 2008-09. The corresponding growth rates during 2007-08 for Agriculture, Industry and Services sectors were 4.9 per cent, 8.1 per cent and 9.6 per cent. The share of Agriculture, Industry and Services sectors were 17.8 per cent, 26.5 per cent and 55.7 per cent of GDP, respectively, for 2007-08. While India remains one of the less affected economies of the global financial crisis, it is seen that there has been an impact of the crisis on the Indian exports as well. The growth of exports (in US dollar terms) during April-December, 2008 was 17.1 per cent as compared to 23.5 per cent in April-December, 2007-08, *inter-alia* on account of a slowdown in the demand in developed markets.

(c) To mitigate the effects of global slowdown and recession, the RBI (Reserve Bank of India) took a number of monetary easing and liquidity enhancing measures including reduction in cash reserve ratio, statutory liquidity ratio and key policy rates. The Government has also announced specific measures to address the impact of global slowdown on India's exports. These *inter alia,* include interest subvention on pre and post shipment credit, additional allocation for refund of Terminal Excise Duty/CST and for export incentive schemes, extension of Duty Entitlement Pass-Book Scheme till 31.12.2009, Government back-up guarantee to Export Credit Guarantee Corporation to the extent of Rs. 350 crores, and removal of export duty and export ban on certain items. A Committee of Secretaries has been set up to address, on continuing basis, procedural problems being faced by exporters.

Increase in fiscal deficit due to spending spree by Government

1069. DR. V. MAITREYAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government had spent more than two lakh crores during the two months after global economic slowdown;

(b) whether it is also a fact that this has resulted in the widening of the fiscal deficit;

(c) if so, the level of increase in the fiscal deficit; and